

# DEPARTMENT OF DEFENSE COMPETITIVE SOURCING PROGRAM

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# Outline



- What is A-76
- Total Workforce Perspective
- Latest OMB Activity
- Commercial Activities Panel
- Savings
- Questions



# A-76 ... background & objectives

- Office of Management & Budget (OMB) Oversight
  - ✓ Federal Policy Since 1955
  - ✓ OMB Circular A-76, *Performance Of Commercial Activities & Supplemental Handbook*
- A-76 Program Objectives
  - ① Achieve Economy & Enhance Productivity Through Competition
  - ② Retain Inherently Governmental Activities In-house
  - ③ Rely On the Private Sector For Commercial Activities

# What Is A-76?



- Provides Rules of Engagement For Competitive Sourcing For All Federal Agencies Since 1950s
- Requires Strict Program Management
  - Step 1: Review What Can & Cannot Be Competed
    - ➔ Commercial Activity Or Inherently Governmental
  - Step 2: Record Review Results In Inventory
    - ➔ End Of Fiscal Year Report To Congress & OMB
  - Step 3: Compete What Can Be Competed
    - ➔ Cost Comparison Or Direct Conversion

# DoD A-76 PROGRAM EXECUTION TRENDS

Source: CAMIS Data FY95 Through September 2001



**Completed Competitive Sourcing Initiatives = 780 (46,049 spaces)**

320 Cost Comparisons + 411 Direct Conversions + 50 Streamlined Cost Comparisons

➤ **Cost Comparison Decision Averages = 57% (47% of spaces) In-house & 43% (53% of spaces) Contract**

➤ **Impact of Size of Cost Comparison on Decisions**

- ✓ Large Cost Comparisons (>99 spaces) = 55% In-house and 45% Contract
- ✓ Small Cost Comparisons (<100 positions) = 59% In-house and 41% Contract

➤ **67% of All Contracts Awarded via A-76 are Small Business Awards**

- ✓ For Cost Comparisons with Contract Decisions, 66% awarded to Small Businesses
- ✓ For Direct Conversions, 67% awarded to Small Businesses

➤ **Disputes For 319 Cost Comparison Decisions (Disputes = Appeals/Protests)**

- ✓ 103 decisions submitted to A-76 Administrative Appeals process or 68% with no valid appeals received
- ✓ 36 decisions with GAO protests or 89% with no GAO protest
- ✓ 6 disputes resulted in reversal of a Tentative Cost Comparison Decision

➤ **Average Cost Comparison Duration**

- ✓ Single Function Cost Comparison= 22 Months & Multi-Function Cost Comparison = 31 Months

➤ **Average Pre- versus Post-MEO Manpower Reductions = 28%**

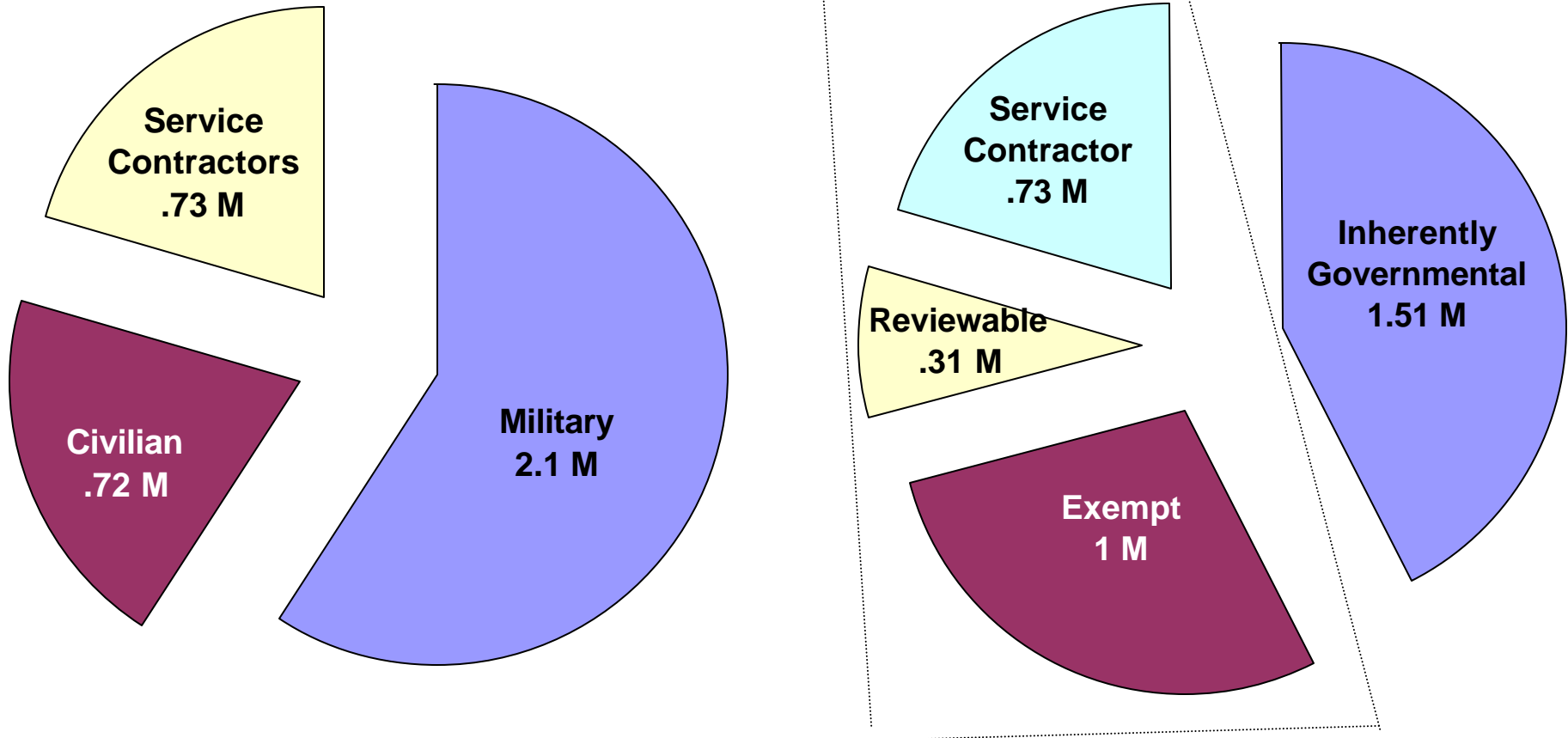
**In-Progress Competitive Sourcing Initiatives = 459 (53,565 spaces)**

318 Cost Comparisons + 140 Direct Conversions +1 Streamlined Cost Comparison



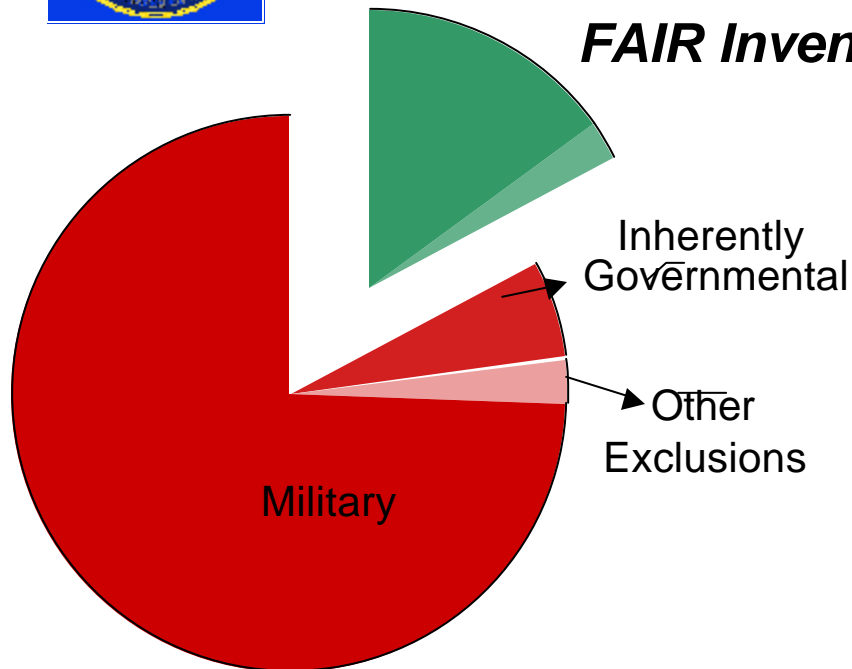
# Total Workforce Perspective

**3.55 million total positions**





# FAIR Inventory ... in perspective



Manpower Group	Positions
FAIR Inventory	412,756
Inherently Governmental	193,613
Military	2,097,194
Other Exclusions	
Foreign Nationals	47,000
DoDIG	1,300
Depot Maintenance	61,182
Total	2,813,045

**\* Based on FY 2000 data**

# 30 DoD Components\*



- Department of the Army
- Department of the Navy (includes DON Headquarters Staff)
- Department of the Air Force
- U.S. Marine Corps
- Defense Logistics Agency (DLA)
- Defense Finance and Accounting Service (DFAS)
- Defense Commissary Agency (DeCA)
- Defense Information Systems Agency (DISA)
- Washington Headquarters Services (WHS)
- Joint Staff
- Office of the Secretary of Defense
- Defense Legal Services Agency
- Defense Security Service
- Defense Threat Reduction Agency (DTRA)
- Department of Defense Education Activity (DoDEA)
- Department of Defense Human Resources Activity (DoDHRA)
- Tri Care Management Activity
- Ballistic Missile Defense Organization (BMDO)
- Defense Advanced Research Projects Agency (DARPA)
- American Forces Information Service (AFIS)
- Defense Contract Audit Agency (DCAA)
- Defense Prisoner of War/Missing Personnel Office (DPMO)
- Defense Security Service (DSS)
- Office of Economic Adjustment

\* DoD Inspector General and Defense Intelligence Agencies participate in FAIR, but handled separately with special arrangements





***OMB***

# Latest OMB Guidances



## ➤ OMB

### ✓ 15 Feb 01 Mitch Daniels Letter to Agencies

➔ Message: Improve Federal Government Performance

➔ Agenda Builds on GPRA and FAIR

➔ Five Major Reforms:

- 1) Delaying Management Levels to Streamline Organizations
- 2) Reducing Erroneous Payments to Beneficiaries and Other Recipients of Government Funds
- 3) Making Greater use of Performance-based Contracts
- 4) Expanding the Application of On-line Procurement and Other E-Government Services and Information
- 5) **Expanding A-76 Competitions and More Accurate Fair Act Inventories**

# Latest OMB Guidance



## ➤ OMB

### ✓ 9 Mar 01 Sean O'Keefe Letter to Agencies

#### ➔ Message: Set Goals

- President's commitment is to Open at Least One-Half of the Federal positions listed on the FAIR Act Inventory of CAs to Competition with the Private Sector

### ✓ 13 July 01 OMB Budget Guidance

#### ➔ Complete Competitions For 5% of Positions in Fair Act Inventory by FY02 and additional 10% by FY03

### ✓ 30 January 02 Meeting w/OMB

#### ➔ FY03 15% goal will be met

#### ➔ Remaining 35% goal will be met by "Core Competency" approach



# ***COMMERCIAL ACTIVITIES PANEL***

# Commercial Activities Panel Members



- **David M. Walker**, Comptroller General of United States
- **Pete Aldridge**, Under Secretary of Defense (Acquisition, Technology & Logistics)
- **Sean O'Keefe**, Deputy Director, OMB
- **Frank Camm, Jr.**, Senior Economist, RAND
- **Mark C. Filteau**, President, Johnson Controls
- **Stephen Goldsmith**, Former Mayor of Indianapolis
- **Bobby L. Harnage, Sr.**, National President, AFGE
- **Kay Cole James**, Director, OPM
- **Colleen M. Kelley**, National President, NTEU
- **Stan Soloway**, President, PSC
- **Robert M. Tobias**, Distinguished Adjunct Professor & Director of the Institute for the Study of Public Policy Implementation, American University

# Commercial Activities Panel



- Required by Law (FY01 NDAA Section 832)
- Public Hearings
  - ✓ 11 Jun 01 in Washington DC
  - ✓ 3 Aug 01 in Indianapolis
  - ✓ 15 Aug 01 in San Antonio
- Report Due 1 May 02
- Working Groups
  - ✓ Background: Trends & Challenges
  - ✓ Sourcing Principles and Criteria
  - ✓ A-76 & Other Sourcing Processes: What's Working and What's Not?
  - ✓ Alternatives to the Current Sourcing Processes



# ***SAVINGS***

# A-76 Savings

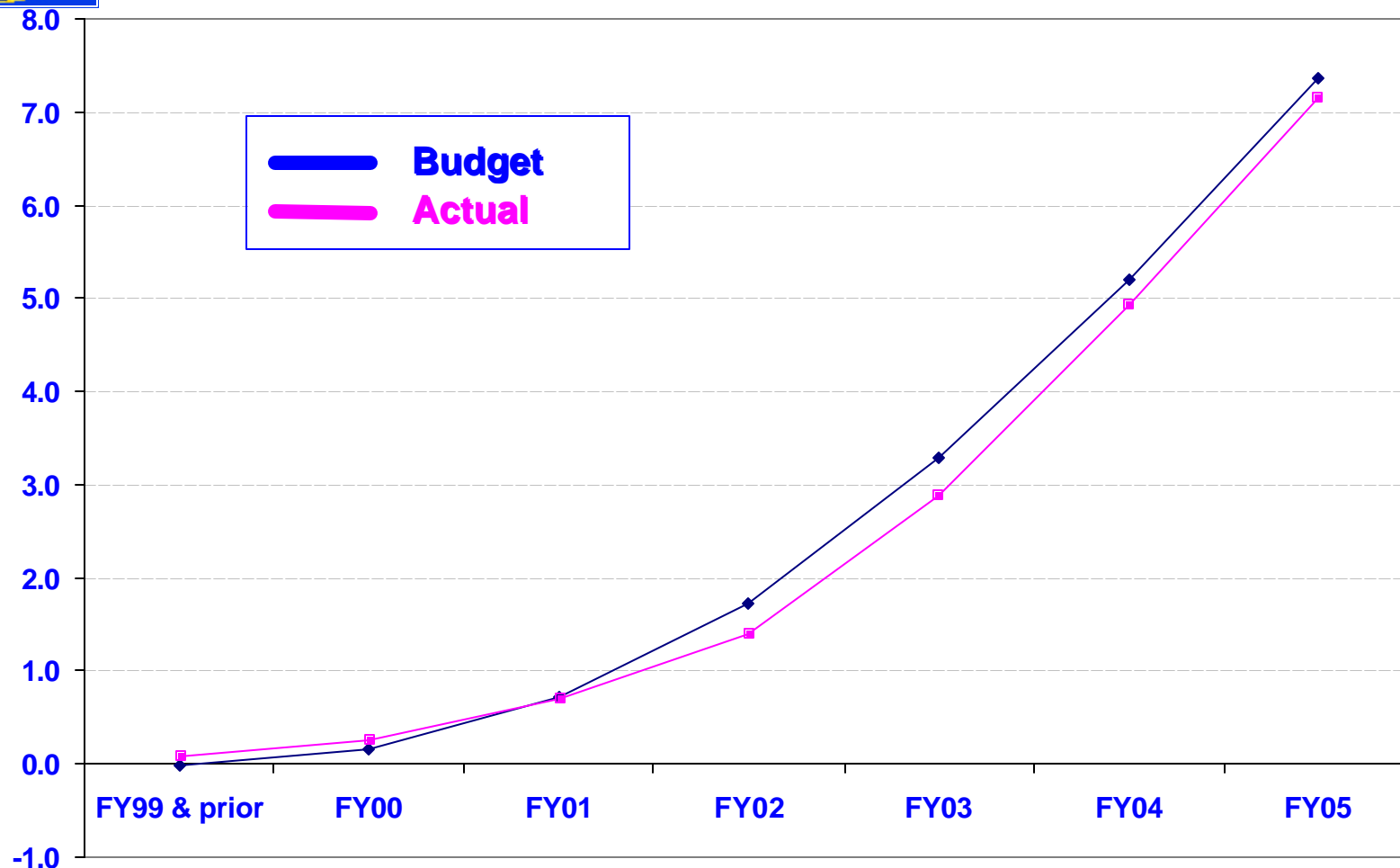


**\$5 billion in savings over the life of the performance period, normally about 5 years.**

Projected Savings for A-76 Competitons with Tentative Decisions (\$000)	FY97	FY 98	FY 99	FY 00	FY 01	Total
Standard Cost Comparison (\$000)	\$281,263	\$259,115	\$636,301	\$1,736,787	\$2,002,648	\$4,916,114
Direct Conversion (\$000)	\$29,461	\$71,206	\$101,322	\$237,207	\$132,667	\$571,863
Streamlined Cost Comparison (\$000)	\$0	\$2,105	\$6,897	\$7,494	\$29,075	\$45,571
<b>Total</b>	<b>\$310,724</b>	<b>\$332,426</b>	<b>\$744,520</b>	<b>\$1,981,488</b>	<b>\$2,164,390</b>	<b>\$5,533,548*</b>



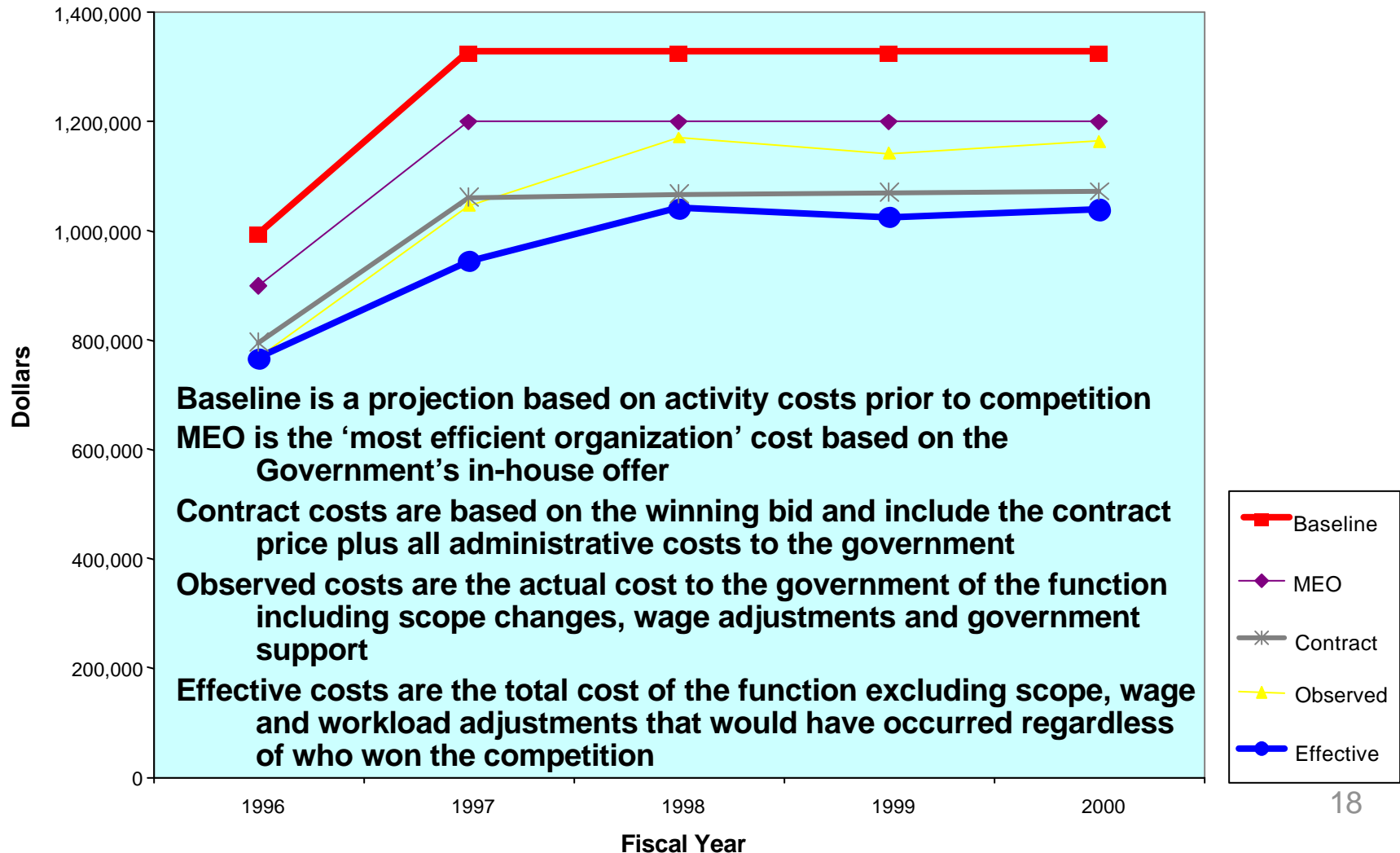
# Net A-76 Savings Comparison Budget vs. Actual



# Long-term Savings Are Real



## Competition: - Military Family Housing Maintenance





***Questions?***